

GCC market performance and activity summary

GCC fixed income

Global benchmark bond index recorded gains for the week ending 24th June. US Treasury yields fell marginally last week on dovish Fed commentary while the market digested the turbulence in the Middle East. In credit, Global corporate IG and Global HY posted gains over the week. EM bonds recorded positive gains over the week, led by LatAm.

GCC bond indices rose over the week, with Oman outperforming. The 5yr CDS spreads tightened across all the GCC market. In the USD sovereign market, the 10yr USD bond yields declined across all GCC countries.

GCC equities

All regional indices gained with Dubai and Kuwait outperforming the most. Overall, MSCI GCC rose over the week, outperforming both MSCI EM and MSCI ACWI.

GCC key developments:

- ▶ **GCC central banks followed the Fed move to keep interest rates unchanged.**
- ▶ **Oman announced a 5% personal income tax on high earners from 2028.**
- ▶ The World Bank projects the UAE economy to grow 4.6% in 2025.
- ▶ UAE's non-oil foreign trade to hit USD1.1tn by 2027.

GCC issuances/IPO:

- ▶ **Dar Al-Arkan plans 5-year USD sukuk issuance.**
- ▶ **Arab energy fund priced USD600mn in 3-year notes.**
- ▶ Kuwait started engagement with banks for USD6bn bond sale.
- ▶ Saudi PIF to issue notes via commercial paper programme.
- ▶ Saudi Red Sea International plans IPO of MEP Subsidiary.

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GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	494.5	0.65	6.93	Saudi	5.38	1.76	-3.77
Global Treasuries	208.7	0.62	7.26	UAE	4.17	-0.88	-26.94
EM USD Agg TR	1302.9	0.55	4.31	Kuwait	4.06	-	-
EM LatAm TR	1191.7	0.68	5.20	Bahrain	4.06	-156.68	-162.53
EM EMEA TR	382.8	0.51	3.86	Oman	4.60	1.65	-31.35
EM Asia TR	674.8	0.44	3.92	Qatar	4.65	-	-
Bahrain TR	209.8	0.35	3.24	US SOFR	4.29	1.00	-11.00
Oman TR	163.4	0.51	4.47	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	162.2	0.18	3.40	Saudi Arabia	71.73	-6.14	-6.93
Qatar TR	141.6	0.21	2.92	Abu Dhabi	37.56	-3.49	6.35
Saudi Arabia TR	146.7	0.42	3.93	Dubai	64.28	-2.27	-1.54
UAE TR	147.9	0.27	3.74	Kuwait	70.64	-5.5	-4.2
Equity	Latest	-1w %	YTD %	Bahrain	217.32	-10.89	-29.05
ADX	9795.3	3.15	5.08	Oman	108.91	-8.04	-6.64
DFM	5611.1	5.40	8.53	Qatar	37.66	-2.87	6.38
Tadawul	10964.3	3.52	-9.41	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10531.9	1.78	-0.37	Saudi Arabia	5.02	-6.20	-38.20
MSM30	4540.5	0.44	-0.72	Abu Dhabi	4.55	-2.30	-47.80
BHSE	1912.0	1.23	-3.40	Dubai	4.47	-2.30	-35.50
KWSE	8904.0	4.22	13.59	Bahrain	7.01	-3.50	4.30
MSCI GCC	720.3	3.86	-0.82	Oman	5.24	-7.00	-49.70
MSCI EM	1211.8	1.54	13.15	Qatar	4.59	-3.30	-24.40
MSCI ACWI	903.0	1.50	7.51				

Note: data from 18th June 2025 to 24th June 2025, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Key developments

► **GCC Central Banks followed Fed move to keep interest rates unchanged**

Central banks across the Gulf Cooperation Council (GCC) maintained their key interest rates in alignment with the US Federal Reserve's decision to hold rates steady. The Central Bank of the UAE (CBUAE) kept its base rate for the Overnight Deposit Facility unchanged at 4.40% on June 18, 2025. Similarly, the Saudi Central Bank (SAMA) maintained its repo rate at 5.00%, a level that has been unchanged since a 25bp cut in December 2024. Central banks in Qatar, Kuwait, Bahrain, and Oman also opted to leave their benchmark rates unchanged. These decisions reflect the region's monetary policy alignment with the Fed, a necessity given the dollar pegs maintained by most GCC currencies. The pause in rate changes allows the region to maintain currency stability, manage inflation, and support economic growth amid a global environment of easing inflation pressures and cautious monetary policy stances.

(Source: Zawya)

► **The World Bank projects the UAE economy to grow 4.6% in 2025**

The World Bank has projected a strong medium-term growth outlook for the UAE, with real GDP expected to grow by 4.6% in 2025 and stabilize at 4.9% in both 2026 and 2027. This momentum is expected to be driven primarily by robust non-oil sector expansion, which is forecast to grow by 4.9% in 2025. However, the World Bank also flagged ongoing risks tied to global trade uncertainty and potential global economic slowdown, which could pose challenges to the region.

(Source: Zawya)

► **UAE's non-oil foreign trade to hit USD1.1tn by 2027**

The UAE's non-oil foreign trade continues to grow at a record pace, reflecting the country's diversification strategy. In Q1'25, non-oil foreign trade surged to AED835bn, up 18.6% from Q1'24. Non-oil exports reached a historic AED177.3bn, marking a 40.7% YoY increase and a 15.7% rise from the previous quarter. For the first time, non-oil exports accounted for over 21% of total non-oil trade, outpacing both imports and re-exports. Re-exports rose 6% annually to AED189.1bn, while imports increased 17.2% YoY to AED468.6bn but saw a slight quarterly decline. The UAE aims to reach AED4tn in non-oil foreign trade by 2031, a target expected to be met four years ahead of schedule. In 2024, the UAE's GDP grew by 4%, with non-oil sectors contributing 75.5% of total output.

(Source: Zawya)

► **Oman announced a 5% personal income tax on high earners from 2028**

Oman has announced the implementation of a 5% income tax on individuals earning above OMR42K annually, starting January 2028. This marks the first personal income tax in the GCC and forms a key part of Oman's fiscal reform under Vision 2040. The law comprises 76 articles across 16 chapters and aims to diversify revenue sources while safeguarding most citizens from tax burdens. Only around 1% of the population is expected to be affected. Executive regulations will be issued within a year of the law's publication, with guidelines currently under preparation.

(Source: Zawya)

► **Dar Al-Arkan plans 5-Year USD sukuk issuance**

Saudi Arabia's Dar Al-Arkan Real Estate Development has mandated banks to arrange investor calls ahead of a potential 5-year USD-denominated sukuk issuance under its USD2.5bn trust certificate program. Initial price thoughts (IPTs) have been released for Dar Al-Arkan Real Estate Development Co.'s upcoming 5-year USD-denominated senior unsecured sukuk. The fixed-rate benchmark issuance, offered under Regulation S, is being marketed in the 7.750% area. Books open today, with the profit rate fixed and payable on a semi-annual basis. Structured as an Ijara-commodity Murabaha sukuk, the offering is expected to receive a B1 rating from Moody's. The sukuk will be listed on both the London Stock Exchange's Main Market and Nasdaq Dubai.

(Source: Zawya)

► **Arab energy fund priced USD600mn in 3-Year notes**

The Arab Energy Fund (TAEF) has priced USD600mn in 3-year senior unsecured Reg S notes at a yield of 3.985%, equivalent to SOFR mid-swaps plus 50bp. The offering saw strong investor demand, with final order books reaching USD1bn (excluding interest from joint lead managers). The issuance falls under TAEF's Global Medium Term Note Programme, with additional issuances possible subject to market conditions. Initial price guidance was around SOFR MS + 60bp.

(Source: Zawya)

► **Kuwait started engagement with banks for USD6bn bond sale**

Kuwait has initiated the process of raising approximately USD6bn from international bond markets by issuing a request for proposals (RFP) to select banks, according to the Ministry of Finance. The planned issuance, denominated in USD, will be conducted during the current fiscal year ending March 31, 2026. Officials noted that outreach to additional financial institutions is ongoing.

(Source: Zawya)

► **Saudi PIF to issue notes via commercial paper programme**

Saudi Arabia's Public Investment Fund (PIF) is set to issue notes under its newly launched commercial paper (CP) programme, aimed at diversifying its short-term funding sources. The programme allows CP issuance through offshore special purpose vehicles and includes both US and Euro sub-programmes. It has received the highest short-term credit ratings; (P-1) from Moody's and (F1+) from Fitch. PIF stated that the programme would enhance its liquidity management and aligns with global best practices in treasury operations.

(Source: Zawya)

► **Saudi Red Sea International plans IPO of MEP subsidiary**

Red Sea International, a Saudi-based modular housing manufacturer, has announced plans to list its subsidiary, Fundamental Installation for Electric Work Company Limited, a mechanical, electrical, and plumbing (MEP) contractor. Red Sea will not be selling any of its shares in the subsidiary. Further details, including the prospectus and listing timeline, will be disclosed once the necessary regulatory approvals are obtained.

(Source: Zawya)

GCC Weekly Market View

Investment Strategy | June 25 2025

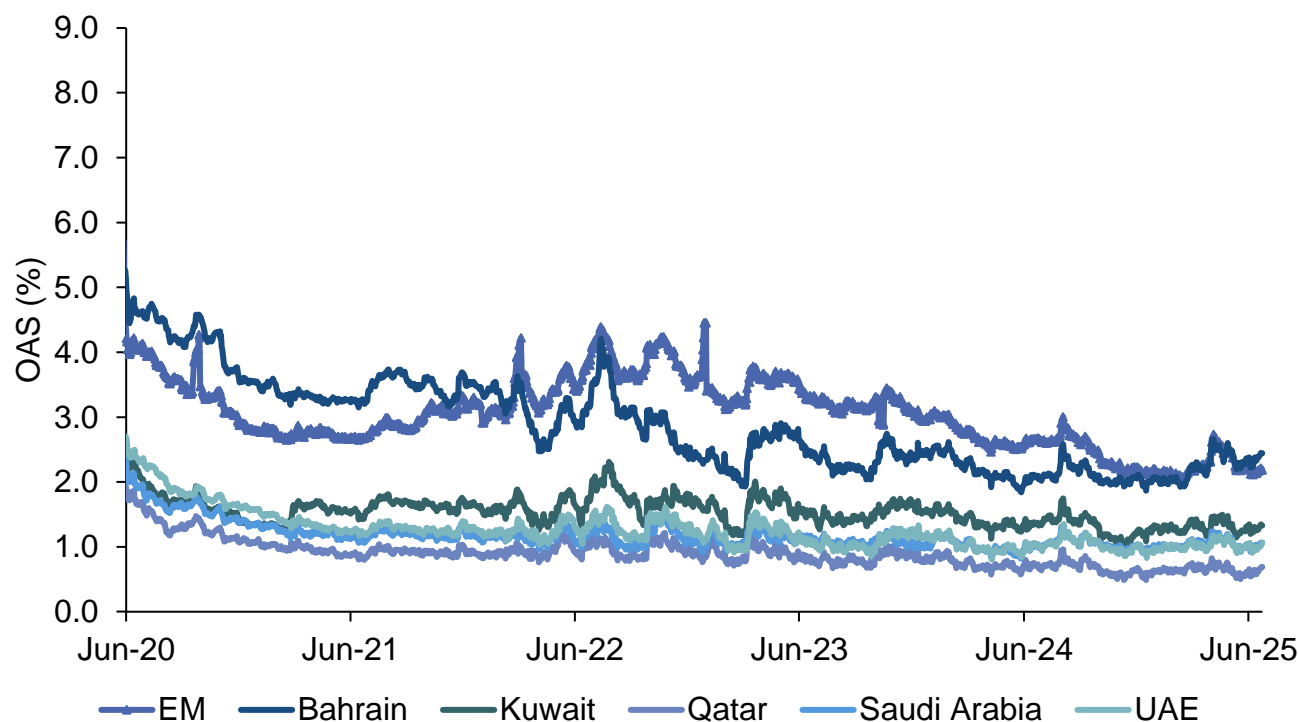
GCC bond issuances

Issuer	BBG	Sector	Cou ntry	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
Omniyat Sukuk 1 Ltd	OMNYAT	Financial Institutions	AE	500	8.375	5/6/2028	AT MATURITY	USD	5/6/2025	BB-	8.07	-
Abu Dhabi Developmental	ADQABU	Agency	AE	1000	4.5	5/6/2030	CALLABLE	USD	5/6/2025	AA	4.72	4.72
Abu Dhabi Developmental	ADQABU	Agency	AE	1000	5	5/6/2035	CALLABLE	USD	5/6/2025	AA	5.17	5.18
Adnoc Murban Sukuk Ltd	ADNOCM	Agency	AE	1500	4.75	5/6/2035	CALLABLE	USD	5/6/2025	AA	4.83	4.84
Banque Saudi Fransi	BSFR	Financial Institutions	SA	650	6.375	-	PERP/CALL	USD	5/7/2025	A-	6.51	6.45
Bahrain Government International Bond	BHRAIN	Sovereign	BH	750	7.5	7/7/2037	AT MATURITY	USD	5/7/2025	B+	7.55	-
CBB International Sukuk Programme Co	BHRAIN	Sovereign	BH	1750	6.25	7/7/2033	AT MATURITY	USD	5/7/2025	B+	6.32	-
Al Rajhi Sukuk Ltd	RJHIAB	Financial Institutions	SA	300	5.087058	11/7/2026	AT MATURITY	USD	5/7/2025	A-	5.39	-
Suci Second Investment Co	PIFKSA	Agency	SA	1250	4.875	5/8/2032	AT MATURITY	USD	5/8/2025	A+	5.09	-
DP World Crescent Ltd	DPWDU	Agency	AE	1500	5.5	5/8/2035	AT MATURITY	USD	5/8/2025	BBB+	5.61	-
Saudi National Bank/Singapore	NCBKSG	Financial Institutions	SA	300	4.62	8/15/2025	AT MATURITY	USD	5/15/2025	-	4.24	-
Saudi National Bank/Singapore	NCBKSG	Financial Institutions	SA	300	4.62	8/15/2025	AT MATURITY	USD	5/15/2025	-	4.23	-
Sobha Sukuk Ltd	SOBHA	Financial Institutions	AE	500	7.9955	2/19/2029	AT MATURITY	USD	5/19/2025	BB	7.73	-
Al Rajhi Sukuk Ltd	RJHIAB	Financial Institutions	SA	500	4.865	5/19/2030	AT MATURITY	USD	5/19/2025	AA-	4.96	-
Warba Tier 1 Sukuk 3 Ltd	WARBAB	Financial Institutions	KW	250	6.25	-	PERP/CALL	USD	5/20/2025	-	6.13	6.33
Masdar Abu Dhabi Future Energy Co	MASDAR	Agency	AE	500	5.375	5/21/2035	AT MATURITY	USD	5/21/2025	AA-	5.33	-
Masdar Abu Dhabi Future Energy Co	MASDAR	Agency	AE	500	4.875	5/21/2030	AT MATURITY	USD	5/21/2025	AA-	4.83	-
SAB AT1 Ltd	SABBAB	Financial Institutions	SA	650	6.5	-	PERP/CALL	USD	5/21/2025	-	6.39	6.50
BAB Usd At1 Sukuk Ltd	ALBIAB	Financial Institutions	SA	650	6.5	-	PERP/CALL	USD	5/22/2025	-	6.51	6.65
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	750	5.2534549	5/27/2030	AT MATURITY	USD	5/27/2025	AA-	5.21	-
Alinma At1 Sukuk Ltd	ALINMA	Financial Institutions	SA	500	6.5	-	PERP/CALL	USD	5/28/2025	-	6.43	6.50
Abu Dhabi Commercial Bank	ADCBUH	Agency	AE	600	5.3133055	6/10/2030	AT MATURITY	USD	6/10/2025	A+	5.27	-
Boubyan Sukuk Ltd	BOUSUK	Financial Institutions	KW	500	4.973	6/4/2030	AT MATURITY	USD	6/4/2025	-	4.89	-
SIB Tier 1 Sukuk Ltd	SIB	Financial Institutions	AE	500	6.125	-	PERP/CALL	USD	6/4/2025	-	6.16	6.21
Mdgh Sukuk Ltd	MUBAUH	Agency	AE	1000	5	6/4/2035	AT MATURITY	USD	6/4/2025	AA	4.86	-
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2250	6.375	6/2/2055	CALLABLE	USD	6/2/2025	A+	6.49	6.49
Saudi Arabian Oil Co	ARAMCO	Agency	SA	1250	5.375	6/2/2035	CALLABLE	USD	6/2/2025	A+	5.37	5.37
Saudi Arabian Oil Co	ARAMCO	Agency	SA	1500	4.75	6/2/2030	CALLABLE	USD	6/2/2025	A+	4.78	4.78
MAR Finance LLC	MAALRA	Financial Institutions	QA	500	4.875	5/29/2030	AT MATURITY	USD	5/29/2025	A	4.87	-
QIB Sukuk Ltd	QIBKQD	Financial Institutions	QA	750	4.803	6/12/2030	AT MATURITY	USD	6/12/2025	-	4.79	-
National Bank of Kuwait/New York NY	NTBKKK	Financial Institutions	KW	285	4.65	9/22/2025	AT MATURITY	USD	6/20/2025	-	4.75	-
SNB Funding Ltd	SNBAB	Financial Institutions	SA	1250	6	6/24/2035	CALLABLE	USD	6/24/2025	BBB	5.86	5.85

*Amount Issued in USD/AEDmillion, Bloomberg sector classification has been used, ^Issuer rating used where applicable, Fitch rating or equivalent used Source: Fitch Ratings, Moody's ratings, Bloomberg, ADCB Asset Management

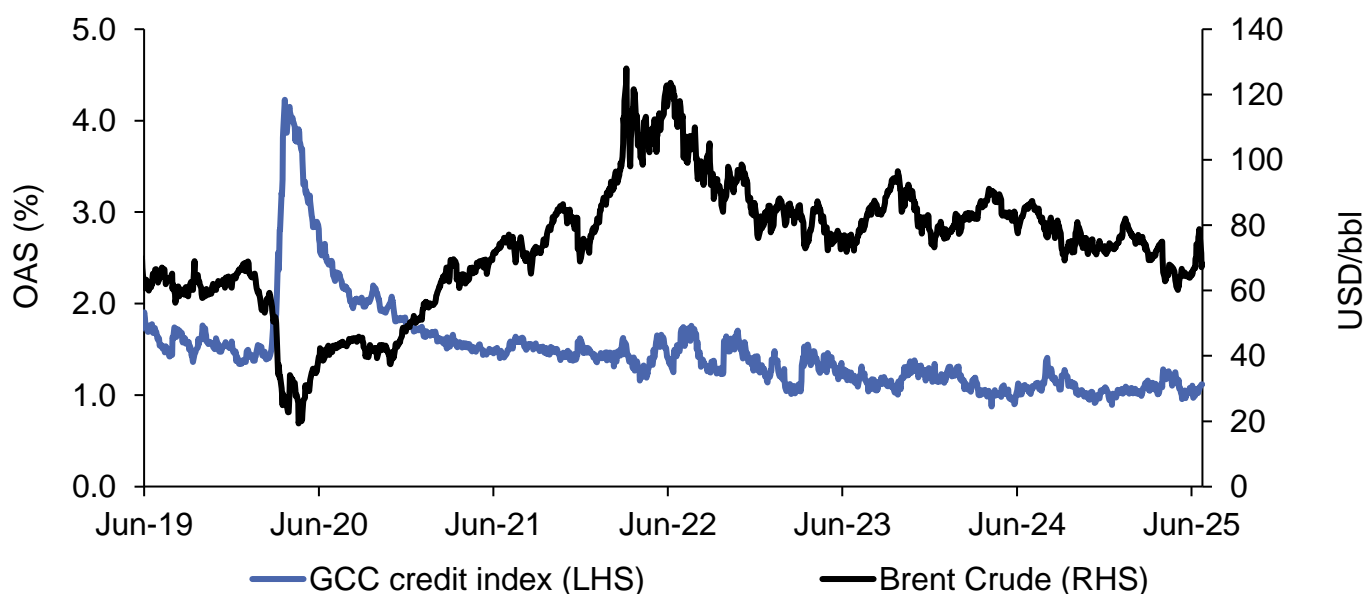
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

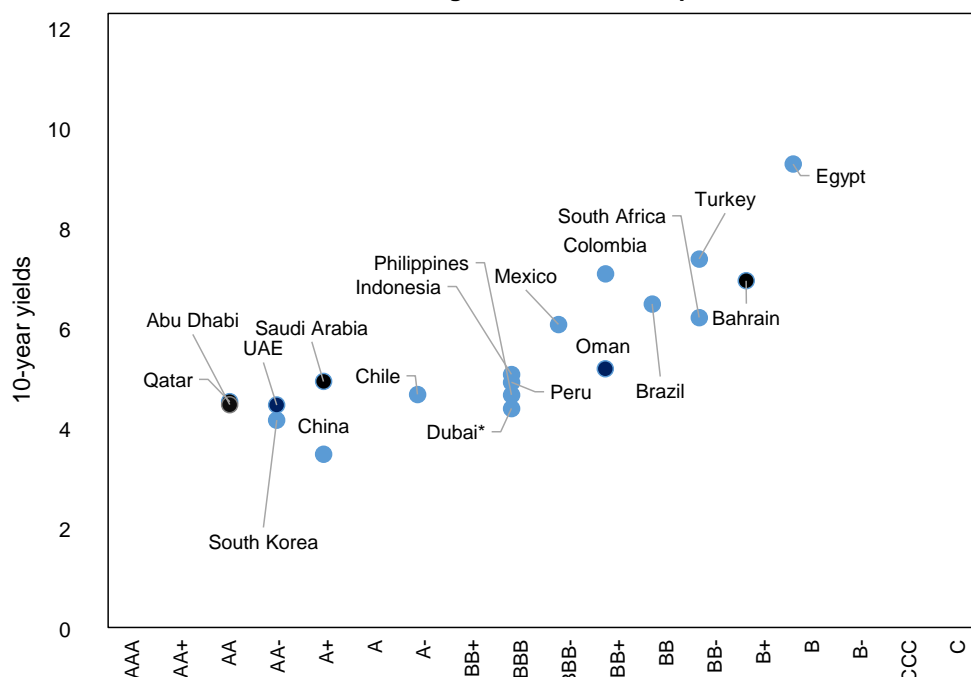
GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)

GCC sovereign valuation versus peers



Source: Bloomberg, ADCB Asset Management, *Dewa rating used as a substitute for Dubai, Fitch ratings are used for all countries

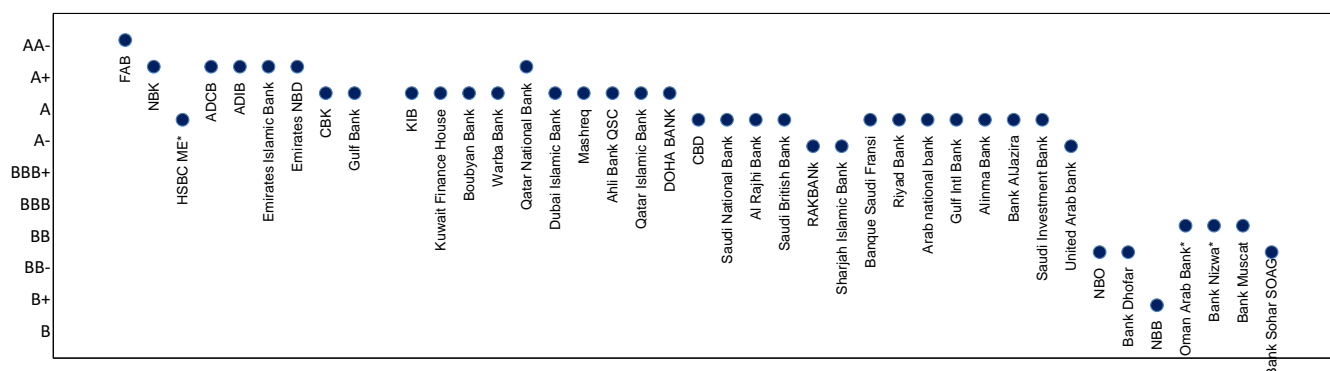
GCC Sovereign Rating

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	Aa3	Aa2	Baa2	A1	B2u	Ba1	Aa2	Caa1
Fitch	A+	AA	-	AA-	B+	BB+	AA	B

Note: *DEWA rated used as proxy for Dubai

GCC Financials Credit Rating

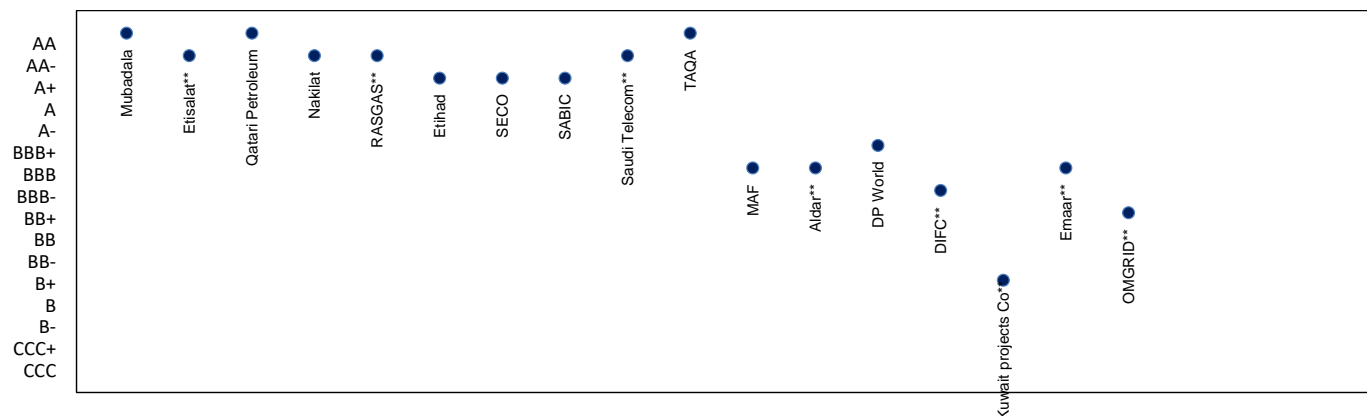
GCC Financials



Note: The ratings refer to Fitch ratings, *Moody's rating used as substitute where the corporate/bank not rated by Fitch rating | Source: Bloomberg, ADCB

GCC Corporate Credit rating

GCC Corporates



Note: The ratings refer to Fitch ratings, **Moody's rating used as substitute where the corporate/bank not rated by Fitch rating | Source: Bloomberg, ADCB

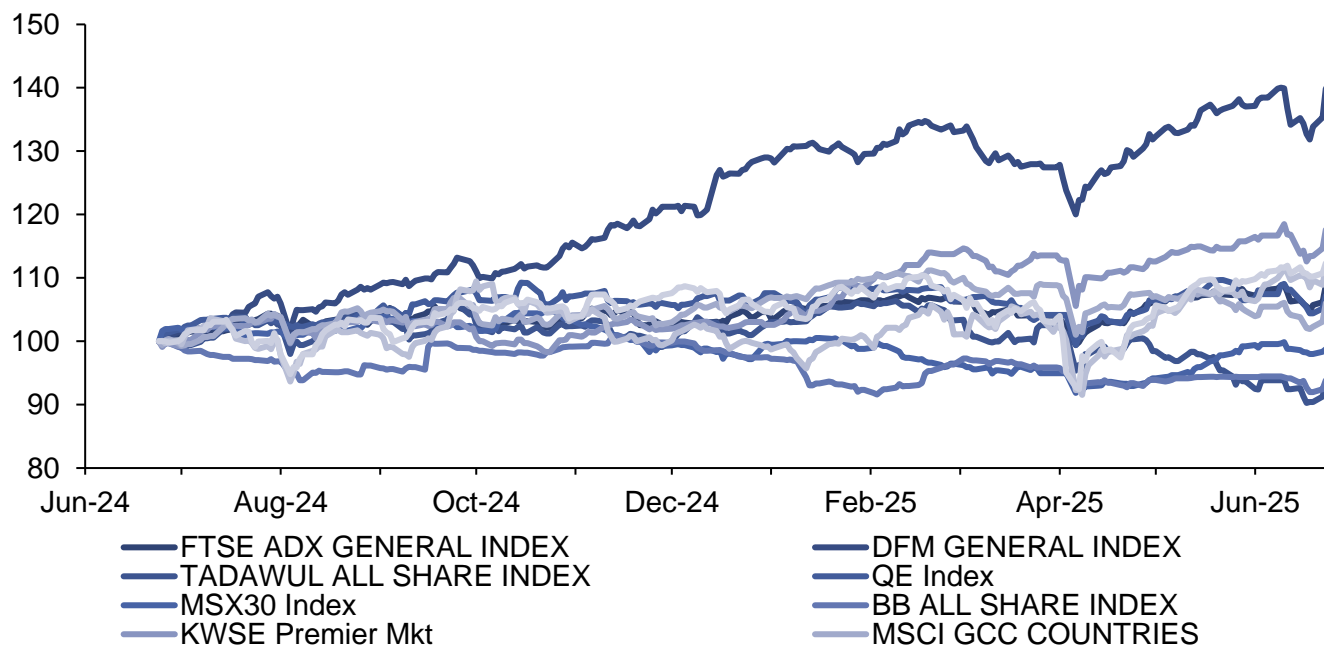
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	12.4x	27.7%	2.3%
DFM	9.7x	-	5.3%
Tadawul	14.4x	11.1%	4.3%
DSM	11.5x	0.1%	4.7%
MSM30	9.3x	5.1%	6.0%
BHSE	12.7x	-	4.1%
KWSE	18.2x	-21.3%	3.1%
MSCI GCC	13.1x	9.6%	4.2%
MSCI EM	13.1x	9.3%	2.6%
MSCI ACWI	19.5x	7.5%	1.8%

Notes: *data as of 25 June 2025 | Source: Bloomberg, ADCB

GCC equity 1Y Performance

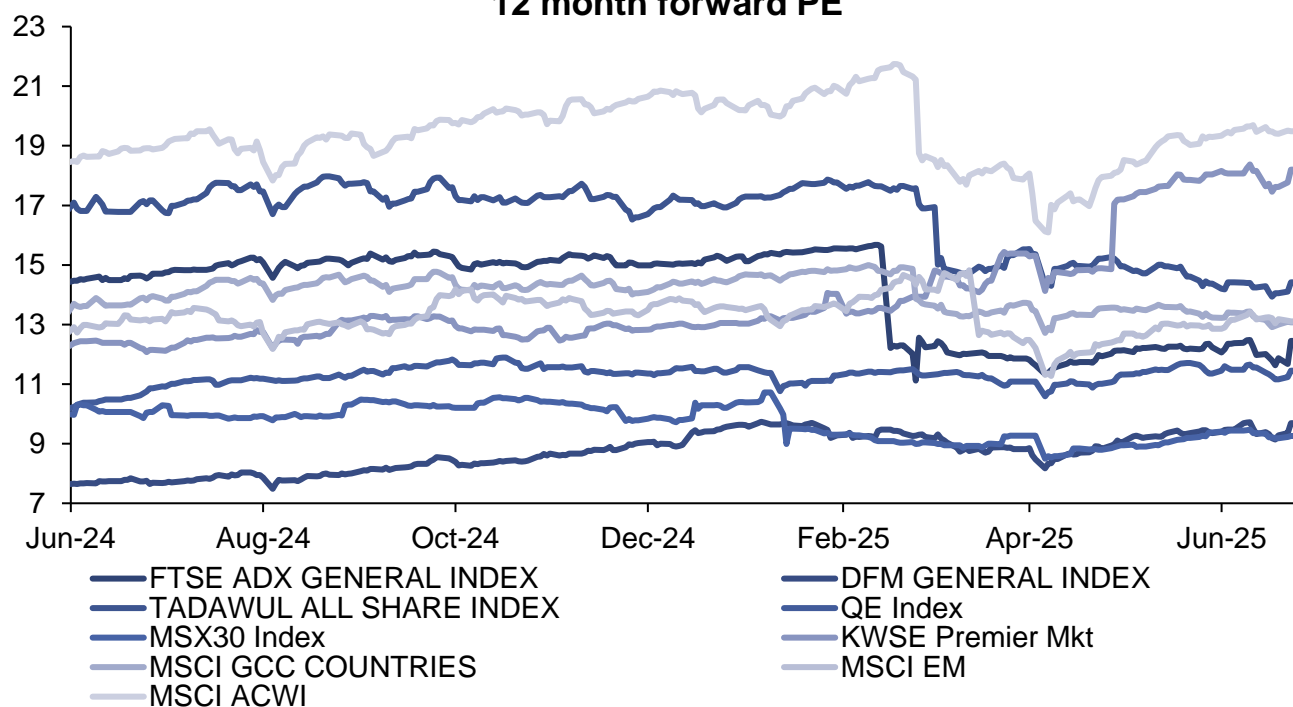
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

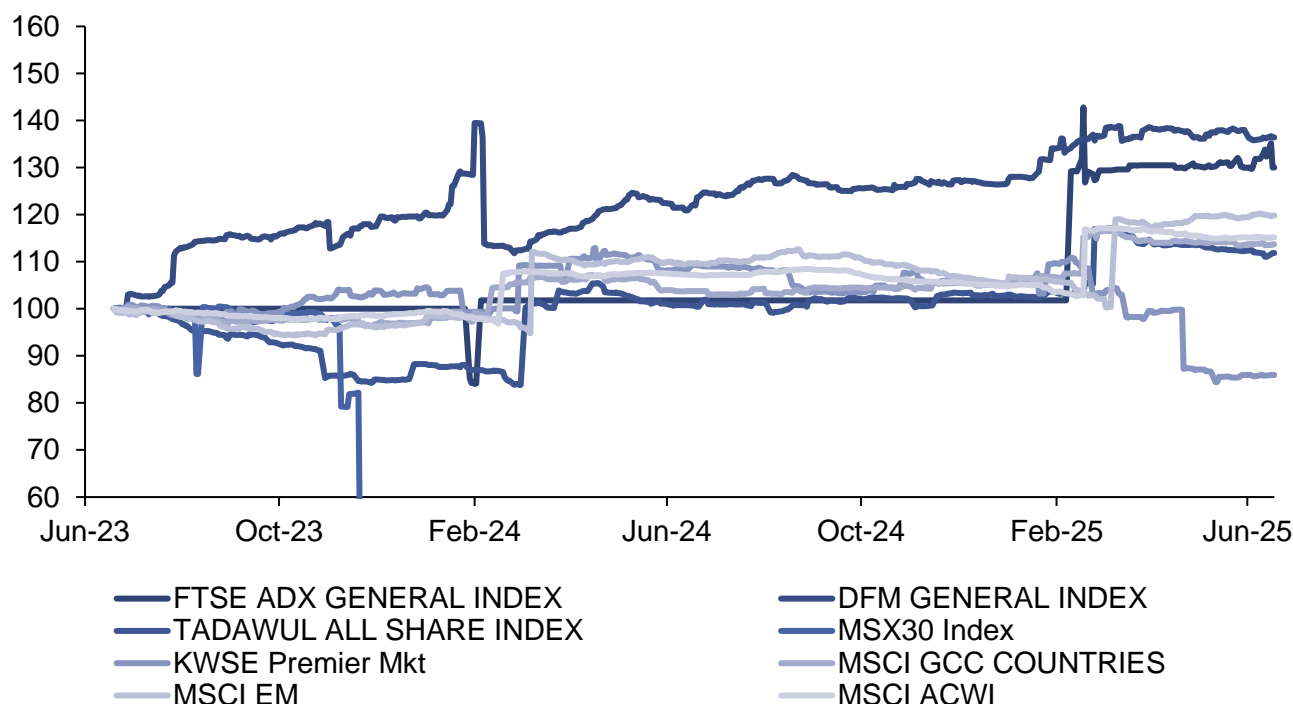
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

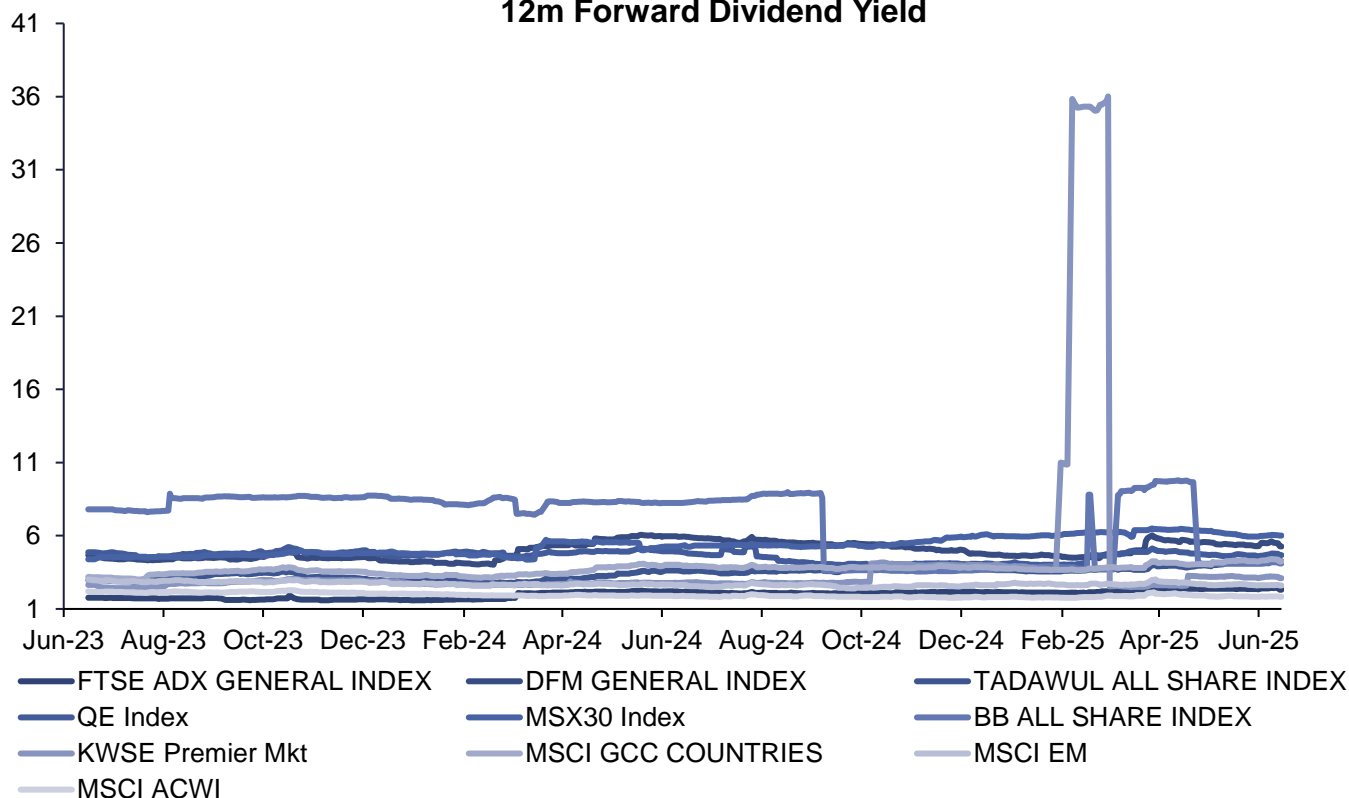
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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